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AN ACT

RELATING TO TAXATION; AMENDING A SECTION OF CHAPTER 7,  
ARTICLE 36 NMSA 1978 TO ADD DEFINITIONS; PROVIDING FOR  
VALUATION OF RENEWABLE ENERGY EQUIPMENT THAT IS SUBJECT TO  
PROPERTY TAXATION AND THAT IS USED FOR THE GENERATION,  
TRANSMISSION OR DISTRIBUTION OF ELECTRIC POWER OR ENERGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-36-29 NMSA 1978 (being Laws 1975,  
Chapter 165, Section 10) is amended to read:

"7-36-29. SPECIAL METHOD OF VALUATION--PROPERTY USED  
FOR THE GENERATION, TRANSMISSION OR DISTRIBUTION OF ELECTRIC  
POWER OR ENERGY.--

A. All property used for the generation,  
transmission or distribution of electric power or energy  
subject to valuation for property taxation purposes shall be  
valued in accordance with the provisions of this section.

B. As used in this section:

(1) "depreciation" means straight line  
depreciation over the useful life of the item of property;

(2) "electric plant" means all property,  
other than renewable energy equipment, situated in this state  
used or useful for the generation, transmission or  
distribution of electric power or energy, but does not  
include land, land rights, general buildings and

1 improvements, construction work in progress, materials and  
2 supplies and licensed vehicles;

3 (3) "construction work in progress" means  
4 the total of the balances of work orders for an electric  
5 plant in process of construction on the last day of the  
6 preceding calendar year exclusive of land, land rights and  
7 licensed vehicles;

8 (4) "general buildings and improvements"  
9 means buildings of the nature of offices, residential  
10 housing, warehouses, shops and associated improvements in  
11 general use by the taxpayer and not directly associated with  
12 generation, transmission or distribution of electric power or  
13 energy;

14 (5) "materials and supplies" means the cost,  
15 including sales, use and excise taxes, and transportation  
16 costs to point of delivery in this state, less purchases and  
17 trade discounts, of all unapplied material and supplies on  
18 hand in this state as of December 31 of the preceding  
19 calendar year;

20 (6) "other justifiable factors" includes,  
21 but is not limited to, functional and economic obsolescence,  
22 such as the limitation upon the use of the property based  
23 upon the available reserves committed to the property;

24 (7) "renewable energy equipment" means wind  
25 generation equipment and solar generation equipment;

1 (8) "related equipment" means transformers,  
2 circuit breakers and switching and metering equipment used to  
3 connect a wind or solar electric generation plant to the  
4 electric grid, meteorological towers, hardware and software;

5 (9) "solar generation equipment" means solar  
6 thermal energy collection, concentration and heat transfer  
7 and conversion equipment; solar tracking hardware and  
8 software; photovoltaic panels and inverters; support  
9 structures; posts, brackets and towers; turbines and  
10 associated electrical generating equipment used to generate  
11 electricity from solar thermal energy; and related equipment;

12 (10) "tangible property cost" means the  
13 actual cost of acquisition or construction of property,  
14 including additions, retirements, adjustments and transfers,  
15 but without deduction of related accumulated provision for  
16 depreciation, amortization or other purposes; and

17 (11) "wind generation equipment" means wind  
18 generation turbines, blades, nacelles, rotors and supporting  
19 towers used to generate electricity from wind; and related  
20 equipment.

21 C. An electric plant shall be valued as follows:

22 (1) the department shall determine the  
23 tangible property cost of the electric plant;

24 (2) such tangible property cost shall then  
25 be reduced by the related accumulated provision for

1 depreciation and any other justifiable factors; and

2 (3) notwithstanding the foregoing  
3 determination of value for property taxation purposes, the  
4 value for property taxation purposes of an electric plant  
5 shall not be less than twenty percent of the tangible  
6 property cost of the electric plant.

7 D. The value of construction work in progress  
8 shall be fifty percent of the amount expended and entered  
9 upon the accounting records of the taxpayer as of December 31  
10 of the preceding calendar year as construction work in  
11 progress.

12 E. The value of materials and supplies shall be  
13 the tangible property cost for such property as of December  
14 31 of the preceding calendar year.

15 F. Each item of property having a taxable situs in  
16 the state and valued under this section shall have its net  
17 taxable value allocated to the governmental units in which  
18 the property is located.

19 G. Through December 31, 2028, renewable energy  
20 equipment shall be valued as follows:

21 (1) the department shall determine the  
22 actual cost of construction of the renewable energy  
23 equipment;

24 (2) the actual cost of construction shall  
25 then be reduced by the amount of the federal investment tax

1 credit claimed, if any, associated with purchase of the  
2 renewable energy equipment;

3 (3) the amount determined in Paragraph (2)  
4 of this subsection shall be reduced by depreciation using a  
5 twenty-year useful life and for any other justifiable  
6 factors; and

7 (4) the value for property taxation purposes  
8 shall not be less than twenty percent of the amount  
9 determined in Paragraph (2) of this subsection.

10 H. The department shall adopt regulations to  
11 implement the provisions of this section."\_\_\_\_\_

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